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**DCI/IC 74-1009**

25 APR 1974

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Conference with Dr. Kissinger re the KIQs

REFERENCES: Attached letters (Tab A) from:  
Dr. Kissinger, April 22, 1974  
Deputy Secretary Clements, April 20, 1974  
Deputy Secretary Rush, April 4, 1974  
Deputy Secretary Volcker, April 1, 1974

1. In response to your letter of March 9 requesting the "individual concurrence and comments" of each NSCIC member on the KIQs, replies have been received from the four listed above. Admiral Moorer has not yet responded.

a. Dr. Kissinger calls the KIQs a "promising beginning" which should form the basis for "an even more useful set of KIQs for the coming year." He requested you review with him the comments of the other members.

b. Secretary Rush made no substantive comments. He concurred in the list, and indicated INR would continue to coordinate State's contribution.

c. Secretary Volcker also had no substantive comments. He believes the list represents a "good first effort."

d. Secretary Clements is the only respondent to forward substantive comments. Although he said "I support the KIQ process and evaluation system in principle," he had two criticisms:

(1) The KIQs "lack the precision needed for effective resource allocation and performance evaluation."

(2) Some "questions of importance" to DOD, which had been proposed by DOD as KIQs in December 1973 "were not included or were subsumed in more general phrasing."

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2. Secretary Clements also posed "cautionary notes" for the future as follows:

(1) To serve as an effective management tool, the KIQs should be severely limited in number.

(2) The KIQs should provide a timely input at key points in the annual DOD budget review process.

(3) Despite existence of the KIQs, the DOD must "retain the flexibility to assign resources as essential departmental requirements develop."

(4) Provision should be made to include an "effective procedure for measuring consumer satisfaction."

3. In your discussion of the KIQs with Dr. Kissinger, it is recommended that you:

a. Express appreciation for the NSCIC responses to your March 9 letter, but especially for the thoughtful submissions which were received in late 1973 as contributions from the NSC staff, Secretary Rush, Secretary Clements and Admiral Moorer during the development of the KIQs.

b. Emphasize that you share Secretary Clements' desire to limit the number of KIQs in the listing, which is why the present list includes fewer than half of the questions which NSCIC members proposed for inclusion. (This is why the omissions cited by Secretary Clements came about.)

c. Point out that the KIQ evaluation process now underway represents a "shakedown cruise" for the system and that you anticipate considerable improvement in the KIQ list for FY 1975. Attention is being given to measurement of consumer satisfaction.

d. Explain that the baseline reports on the 12 KIQs selected for the initial evaluation test are nearing completion, and preparations for the evaluation itself are well underway. The pilot run on the FY 1974 KIQs will end 1 September, and it is planned the performance report will be available 30 October. Formulation of FY 1975 KIQs is expected to be accomplished by 1 July.

/s/

Daniel O. Graham  
Lieutenant General, USA  
D/DCI/IC

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Approved For Release 2004/05/05 : CIA-RDP80M01082A000800160010-0

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